

PRESIDENT: Record your vote. Record.

CLERK: 26 ayes, 0 nays on the motion to advance, Mr. President.

PRESIDENT: The bill is advanced. LB 836.

CLERK: Read title to LB 836. The bill was read on January 3, 1978. It was referred to the Banking Committee. It was advanced to General File. There are no committee amendments, Mr. President. However, Senator DeCamp has some amendments himself. Those amendments can be found on page 1012 of the Legislative Journal.

PRESIDENT: Senator DeCamp.

SENATOR DeCAMP: Mr. President, members of the Legislature, the amendments were brought in to me by the Insurance Department. They clarify the original bill. They don't make any significant changes, other than make it quarterly reports instead of monthly reports and clean up some of the other language. I'll talk about the bill and the amendments all at the same time because they're one in the same. The purpose of LB 836 is to revise the laws of the state relating to surplus lines insurance, and the license agent who writes such insurance. The bill makes more comprehensive the requirements of the surplus lines law. If a person is unable to secure insurance from an insurance company authorized to do business in this state, such insurance may be obtained from an insurer not authorized to do business in this state if the insurance is purchased from the surplus lines agent. The use of excess or surplus lines markets has increased significantly in the past few years. The need for more comprehensive laws to regulate this area has become apparent. The bill raises the amount of minimum bond that a surplus lines agent must maintain from \$500 to \$10,000. The bond may be increased by the director to a maximum of \$50,000. An additional condition is added to the bond which is that the agent shall account for and pay to appropriate persons funds received because of his licensed activities. Thirty days notice must be given to the agent and to the director of insurance before the company writing the bond may cancel the bond. In addition the form of the bond must be approved by the director. The law clarifies that surplus lines agent must have an office in this state, that certain records must be maintained, and that the agent can insure liability risks. This bill adds the requirement that the agent identifying each policy, his name, address and certain other information, and that the policy is issued by a nonadmitted insurance company. The penalties for violation of the surplus lines law are made much more comprehensive. The director is given cease and desist authority, and monetary penalties may be imposed. Does anybody care about this? Revision of the law, as relating to surplus lines insurance and the licensed agent who writes such insurance, is needed. This bill provides for more comprehensive regulation. I move adoption of the amendment and the bill.

PRESIDENT: Senator Mills.

SENATOR MILLS: Mr. President, I have a question of Senator DeCamp, a very, very little short question, Senator DeCamp. Does this close the shop?